

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PARCEL SELECT & PARCEL RETURN SERVICE
CONTRACT 9 (MC2019-102)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2019-111

**USPS NOTICE OF AMENDMENT TO
PARCEL SELECT & PARCEL RETURN SERVICE CONTRACT 9,
FILED UNDER SEAL
(October 29, 2019)**

The Postal Service hereby provides notice that the terms of Parcel Select & Parcel Return Service Contract 9, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Parcel Select & Parcel Return Service Contract 9 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective two business days following the day that the Commission completes its review of this filing.

The Postal Service is also filing supporting financial documentation and a certified statement as required by 39 C.F.R. § 3015.5. The certified statement required by 39 C.F.R. § 3015.5(c)(2) is provided in Attachment B. A redacted version of the supporting financial documentation is included with this filing as a separate Excel file. The Postal Service's original application for non-public treatment in this docket is hereby incorporated by reference for the protection of these materials.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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October 29, 2019

ATTACHMENT A

REDACTED AMENDMENT TO

PARCEL SELECT & PARCEL RETURN SERVICE CONTRACT 9

AMENDMENT #1
OF
SHIPPING SERVICES CONTRACT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND
[REDACTED]
REGARDING
PARCEL SELECT
AND
PARCEL RETURN SERVICE

WHEREAS, the United States Postal Service (“the Postal Service”) and [REDACTED] (“Customer”) entered into a Shipping Services Contract regarding Parcel Select and Parcel Return Service, PS-PRS Contract #9 /Docket No. CP2019-111, on March 18, 2019.

WHEREAS, the Parties desire to amend the terms in Sections I.B., I.C., I.D., including Tables 1 through 8 and adding new Tables 9, 10, 11, 12, 13 and 14, amend Section I.E., I.K. and I.M., replace Attachment A, add new Attachments D through H, and rename Table 4 in Section I.G as Table B of the Contract.

NOW, THEREFORE, the Parties agree that the contract is hereby amended as detailed below. The existing contract remains unchanged in all other respects. This amendment shall become effective two (2) business days following the day on which the Commission issues all necessary regulatory approval.

[Replace Sections I.B., I.C., I.D., including Tables 1 through 8 and adding new Tables 9, 10, 11, 12, 13 and 14, replace Section I.E., I.K. and I.M, replace Attachment A, add new Attachments D through H, and rename Table 4 in Section I.G as Table B, as follows.]

I. Terms

B. This Contract applies to Customer’s packages that do not originate from or are addressed to ZIP Codes listed in Table A below (collectively, “Contract Packages”) as follows:

1. Outbound Parcel Select DDU packages that are no greater than [REDACTED] [REDACTED] and are not addressed to any ZIP Codes in Attachment A and are not shipped using any MIDs and permits listed in Attachment D or Attachment E (“[REDACTED]”);
2. Outbound Parcel Select DDU packages that are no greater than [REDACTED] [REDACTED] and are not addressed to any ZIP Codes in Attachment A and

- are shipped using any MID's and permits listed in Attachment D (" ");
3. Outbound Parcel Select DDU packages that are no greater than " " and are not addressed to any ZIP Codes in Attachment A and are shipped using any MID's and permits listed in Attachment E (" ");
 4. Outbound Parcel Select DDU packages that are no greater than " " and are addressed to any ZIP Codes in Attachment A and are not shipped using any MID's and permits listed in Attachment D or Attachment E (" ");
 5. Outbound Parcel Select DDU packages that are no greater than " " and are addressed to any ZIP Codes in Attachment A and are shipped using any MID's and permits listed in Attachment D (" ");
 6. Outbound Parcel Select DDU packages that are no greater than " " and are addressed to any ZIP Codes in Attachment A and are shipped using any MID's and permits listed in Attachment E (" ");
 7. Outbound Parcel Select DSCF 3-Digit machinable packages that are no greater than " " and are not addressed to any ZIP Codes in Attachment A (" ");
 8. Outbound Parcel Select DSCF 3-Digit machinable packages that are no greater than " ", and are addressed to any ZIP Code in Attachment A (" ");
 9. Parcel Return Service RDU packages that are no greater than " ", including Oversized rated packages (" ");
 10. Parcel Return Service RDU packages that are no greater than " ", including Oversized rated packages, and are shipped using any MID's and permits listed in Attachment F (" ");
 11. Parcel Return Service RDU packages that are no greater than " ", including Oversized rated packages, and are shipped using any MID's and permits listed in Attachment G (" "); and
 12. Parcel Return Service RSCF packages that are no greater than " ", including Oversized rated packages (" ").

This Contract only applies to Customer's Parcel Select pound rated (non-lightweight) DSCF packages without prices in Tables 1-4 below and Customer's Parcel Select Lightweight packages to the extent that they may be eligible under Sections I.K for Sunday delivery and I.L for certain Premium Services.

The ZIP Codes contained in Attachment A may be modified once a year by the Postal Service or more frequently by written mutual agreement.

For the avoidance of doubt, if any DSCF or DDU package is addressed to a ZIP Code in Attachment A, and that ZIP Code is also listed in Table A, the package will not be eligible for contract pricing. The ZIP Codes listed in Table A may be modified by the Parties from time to time by written mutual agreement.

The MIDs and Permits listed in Attachments D through G may not be modified without prior review and approval of the Postal Service.

At its sole discretion, the Postal Service may deny or authorize Customer's request to assign any MID's and/or permits to [REDACTED]

Further, USPS agrees data provided by Customer pursuant to Section I.D.7 is considered confidential information and is to be used only for evaluating the shipper for Alternative pricing.

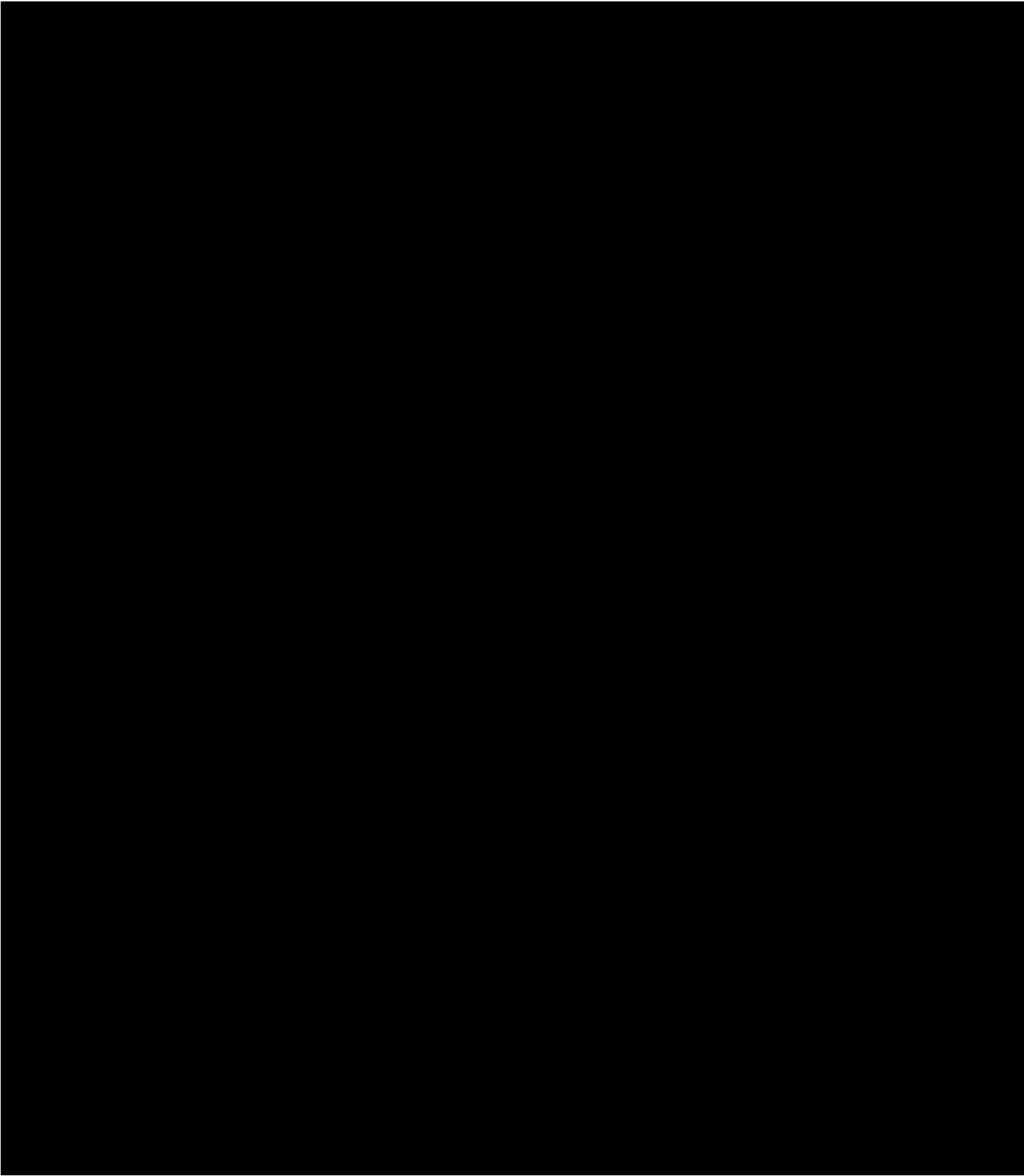
The Parties agree that if any of the above price categories within Parcel Select or Parcel Return Service may be amended or removed from the Mail Classification Schedule, the services provided under this Contract will remain in full force and effect throughout the Contract term.

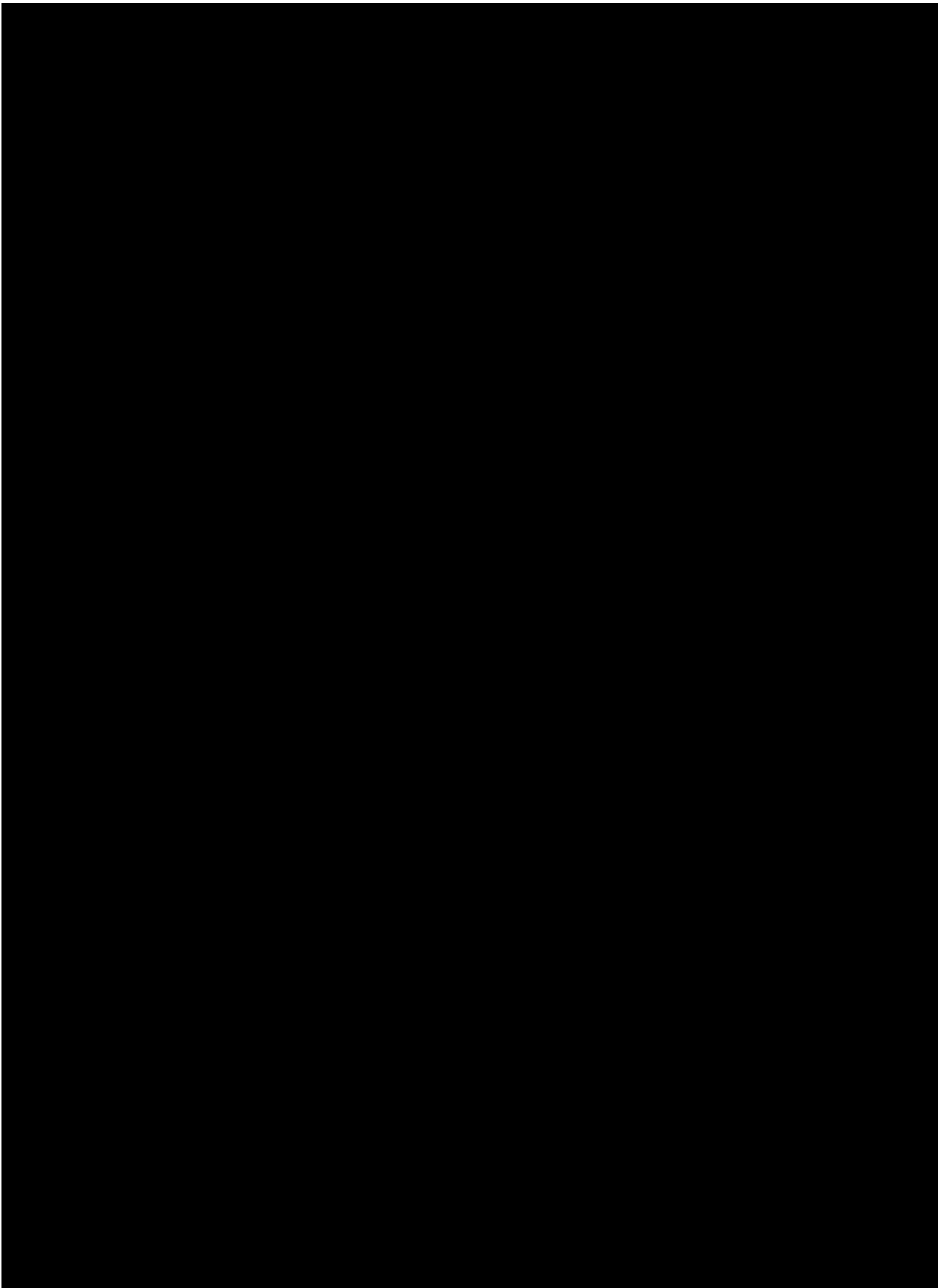
- C. Customer will manifest Contract Packages under a separate account as specified by the Postal Service, using the Electronic Verification System ("eVS"). Current specifications can be found in Publication 205: eVS Business and Technical Guide. Only Contract Packages shipped from authorized permit numbers shall count toward the volume requirement defined in Sections I.D.3 and 4 including Tables 1 through 8 below.
- D. Contract Prices. From this Contract's effective date, as defined in Section III below, until the first price adjustment defined in Section I.E below, the Contract prices pursuant to Tables 1 through 4 shall apply for Parcel Select Standard DDU packages and Standard DSCF packages, and Tables 5 through 8 shall apply for Parcel Return Service Standard RDU packages and Standard RSCF packages.
 - 1. Contract Years. "Year(s)" or "Contract Year(s)" refers to the one-year period(s) from January 1 through December 31, unless otherwise specified.

2. Contract Quarters. “Quarter(s) or “Contract Quarter(s)” refers to the periods as follows:

| Period Name | Start of Period | End of Period |
|-------------|-------------------------|----------------------------|
| Quarter 1 | January 1 st | March 31 st |
| Quarter 2 | April 1 st | June 30 th |
| Quarter 3 | July 1 st | September 30 th |
| Quarter 4 | October 1 st | December 31 st |

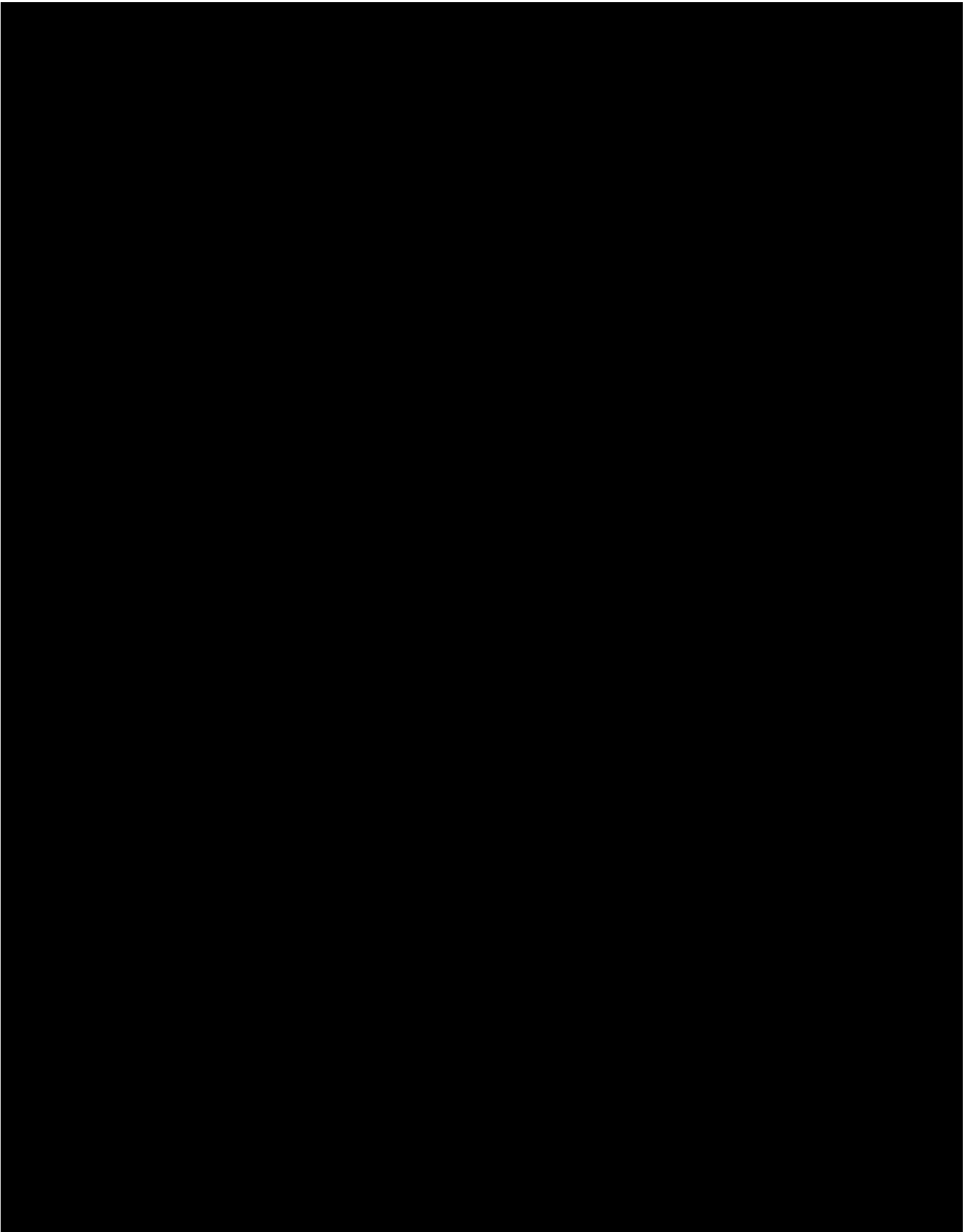
3. From the effective date of the Contract through January 31, 2021, Customer will receive Tier 4 prices for Standard DDU and Standard DSCF Contract Packages and Parcel Return Service Standard RDU and Standard RSCF Contract Packages shipped, pursuant to Tables 4 and 8 below. Beginning February 1, 2021 subsequent tier pricing, pursuant to Tables 1 through 8 below, will be determined as set forth in section D.4 below.
4. Customized prices for this Contract will be based on the previous four (4) quarters volume. Pricing for subsequent Contract Quarters will be determined by calculating the number of Parcel Select Contract Packages shipped pursuant to Tables 1 through 4 and Tables 9 and 10 below, in the previous four (4) Contract Quarters. For example, the quarterly volume of Parcel Select Contract Packages shipped for the period January 1, 2020 through December 31, 2020, will determine the tier pricing as of February 1, 2021 for Standard DDU and Standard DSCF Parcel Select Packages. The same example will apply to Parcel Return Service Standard RDU and Standard RSCF Packages.
5. At the conclusion of each Contract Quarter, the Postal Service will calculate the number of Parcel Select Contract Packages shipped and apply the appropriate Standard Parcel Select rate table within fifteen (15) calendar days of the conclusion of that Contract Quarter provided that tier adjustments, where applicable, will occur on Feb 1st in Contract Quarter 1. The same process will be used to determine Contract Parcel Return Service Standard RDU and Standard RSCF quarterly pricing. The Postal Service will notify Customer of tier adjustments, where applicable, within fifteen (15) days of the close of each Contract Quarter.
6. If at any time a Standard DDU or Standard DSCF Parcel Select or Parcel Return Service Standard RDU and Standard RSCF price determined by this Contract exceeds the applicable published price for Parcel Select or Parcel Return Service for its corresponding published price cell, Customer will update its pricing charts and pay the applicable published price when it goes into effect. If Customer has paid an amount in excess of the published rates for Parcel Select, the Postal Service will refund the difference between the Contract price and published price within thirty (30) days of notification of such payment.

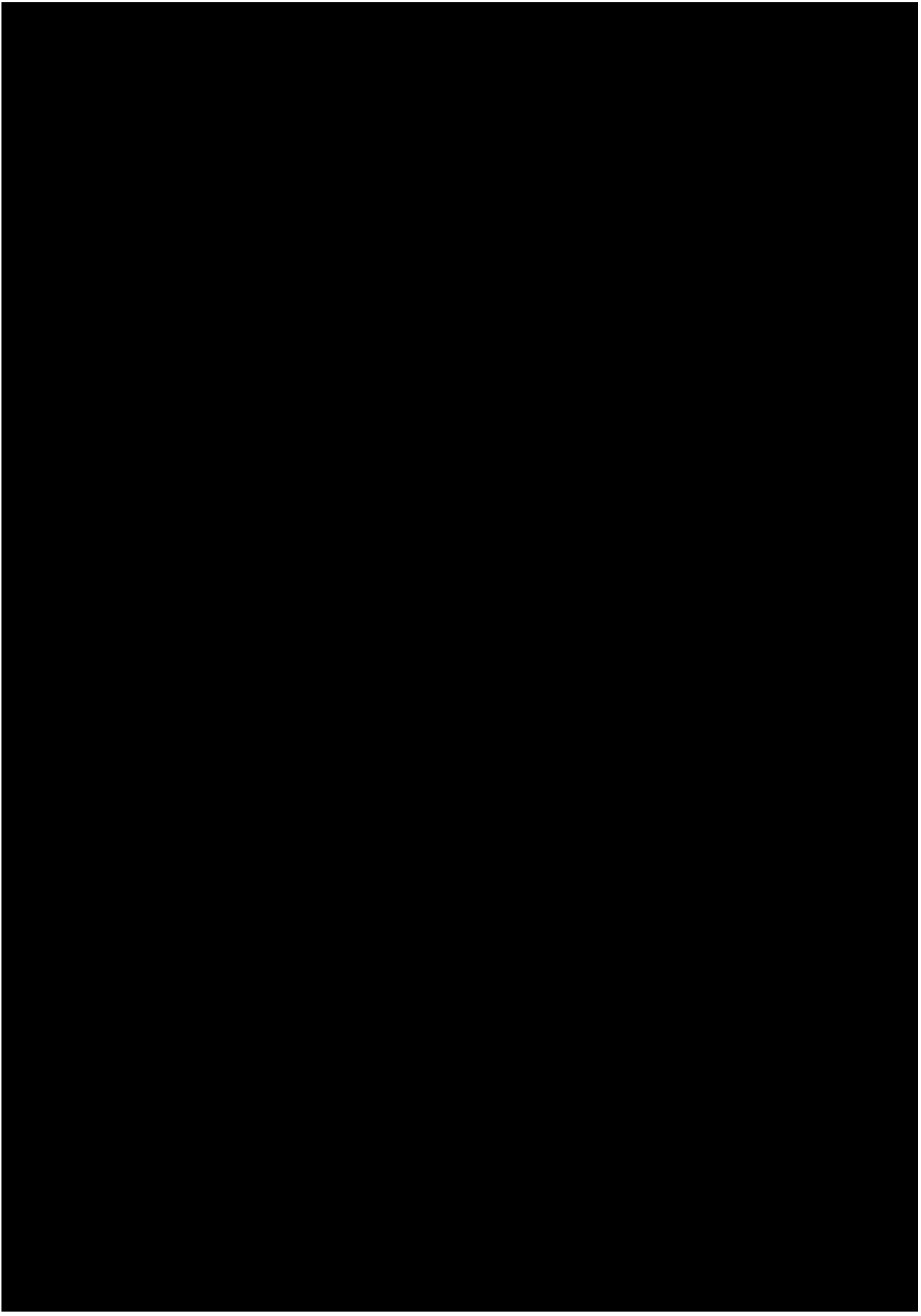


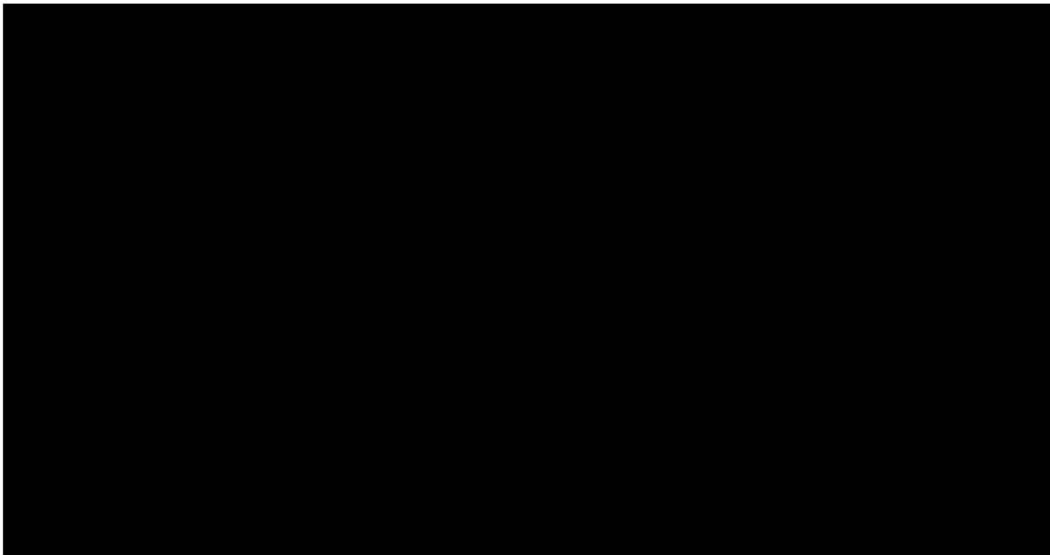


- [REDACTED]
7. Beginning with the effective date of this Amendment, and until February 1, 2021, Customer will receive Contract Prices pursuant to Table 9 below for [REDACTED], Table 10 below for [REDACTED], Table 11 below for [REDACTED] and Table 12 below for [REDACTED]. Customer will submit mutually agreed upon data to the Postal Service when it requests to use Alternate Pricing in Tables 10-12 for the Postal Service's consideration. Such data will include estimated annual volume for each MID and/or permit or combination of MID's and/or permits by product, Parcel Select or Parcel Returns Service. If the Postal Service approves the use of Alternate Pricing, the shippers name(s) and MID(s)/or permit(s) will be added to a report submitted quarterly to the Postal Service which will be incorporated herein. The annual volume for each shipper is expected to be accurate and grow or remain steady year-over-year. The Customer will make good faith efforts to ensure that all Alternate shippers meet

their annual volume estimates. If it appears the annual volume estimate for any Alternate shipper will not be met, the Postal Service will report to Customer during Quarterly Business Reviews pursuant to Section I.M, below. Should Customer fail to remedy an Alternate shipper's volume deficiency within two consecutive Quarters the Postal Service reserves the right at the next Quarterly Business Review to notify Customer it must remove the Alternate designation for that shipper and consequently update Attachments D through G. Alternate shippers will be removed from Attachments D through G, where applicable, at the close of the Contract Quarter during which the Postal Service notified Customer of its decision to remove the Alternate designation from such shippers. Customer will use commercially reasonable efforts to extend Alternate price discounts to the agreed upon shippers (Customer's customers). If the Postal Service determines repeated misuse of Alternate Pricing, it will report to Customer in writing, provide a detailed description of said reported, repeated misuse and a timeframe in which it must be remedied. Should Customer fail to remedy within the timeframe specified by the Postal Service which shall be no less than ten (10) days of the Postal Service's notification to Customer, the Postal Service reserves the right to remove Customer's use of the Alternate designation for any shipper or shippers associated with reported, repeated misuse of Alternate Pricing and consequently update Attachments D, E, F and/or G. The Parties may also mutually agree to modify Attachments D through G at any time.







8. Customer will pay applicable published prices for any cells without prices in Tables 1 through 12 above.
9. Customer will pay prevailing published prices for DDU Rural packages for the duration of the Contract.

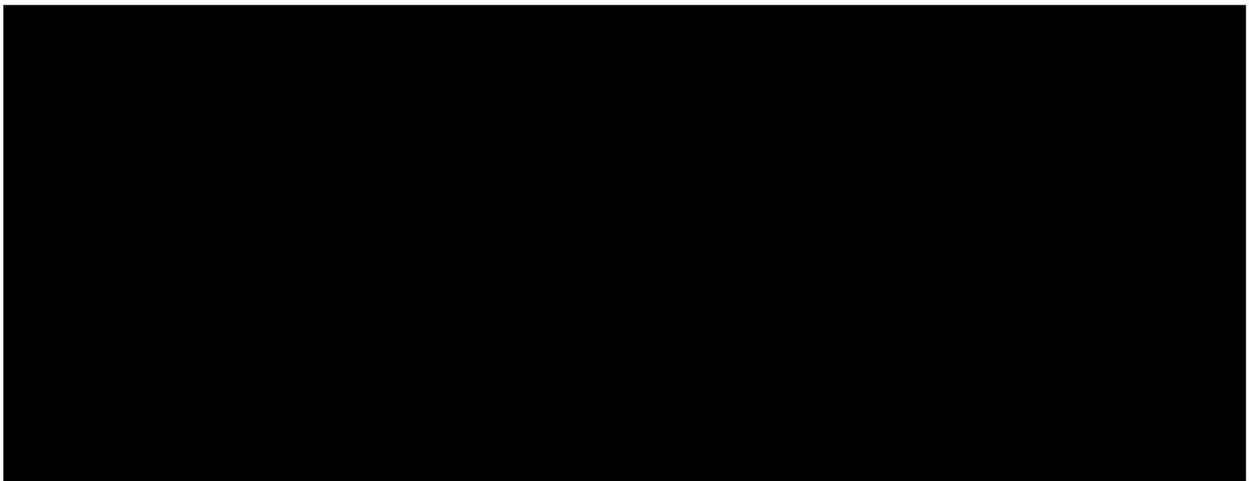
E. Price Adjustments

1. Parcel Select. Beginning in Contract Year 2020 and for subsequent Contract Years of the Contract, Contract prices for Parcel Select [REDACTED], pursuant to Tables 1 through 4 above, and Parcel Select [REDACTED], pursuant to Tables 9 and 10 above, under this contract will increase on February 1st in each Contract Year by the lesser of: (a) the current Contract Year's prices, plus the overall average published percentage increase in prices of general applicability for pound rated (non-lightweight) Parcel Select DDU and DSCF, as calculated by the Postal Service; or (b) the current Contract Year's prices, [REDACTED] for Parcel Select DDU and Parcel Select DSCF, for the respective product.
2. Parcel Return Service: Beginning in Contract Year 2020 and for subsequent Contract Years of the Contract, Contract prices for Parcel Return Service [REDACTED], pursuant to Tables 5 through 8 above, and Parcel Return Service [REDACTED], pursuant to Tables 11 and 12 above, will increase on February 1st in each Contract Year by the lesser of: (a) the current Contract Year's prices, plus the overall average published percentage increase in prices of general applicability, as calculated by the Postal Service; or (b) the current Contract Year's prices, [REDACTED]



3. If the Postal Service maintains or decreases published rates of general applicability for Parcel Select DDU, Parcel Select DSCF or Parcel Return Service, there shall be no change to contract pricing for the respective product for that Contract Year.
4. Notwithstanding anything to the contrary herein, in any Contract Year, the Postal Service may elect to increase Contract Prices by a lesser amount than the increase determined by Sections I.E.1-2 above.
5. Customized prices for the subsequent years will be calculated by the Postal Service and rounded up to the nearest whole cent (i.e. \$0.014 becomes \$0.02).

Table 4 shall be renamed as Table B and now reads as:



K.



[REDACTED]

[REDACTED]

[REDACTED]

M. Quarterly Business Reviews. The Postal Service and Customer shall, within thirty (30) days after the conclusion of each Contract Quarter 2 and Contract Quarter 4 of each Contract Year, jointly conduct a business review of Customer's Total Package volume, Attachments D and E shipper volume, weight and cube characteristics, time in transit, and other performance expectations, to include the names of each End-User and their assigned MIDs and/or permits, under this contract. If either Party is unable to conduct a business review within thirty (30) days after the conclusion of the above referenced Contract Quarters, it shall notify the other Party in writing of that fact and propose a date as soon as practicable thereafter.

¹ [REDACTED]

IN WITNESS WHEREOF, the Parties hereto have caused this amendment to be duly executed
as of the later date below:

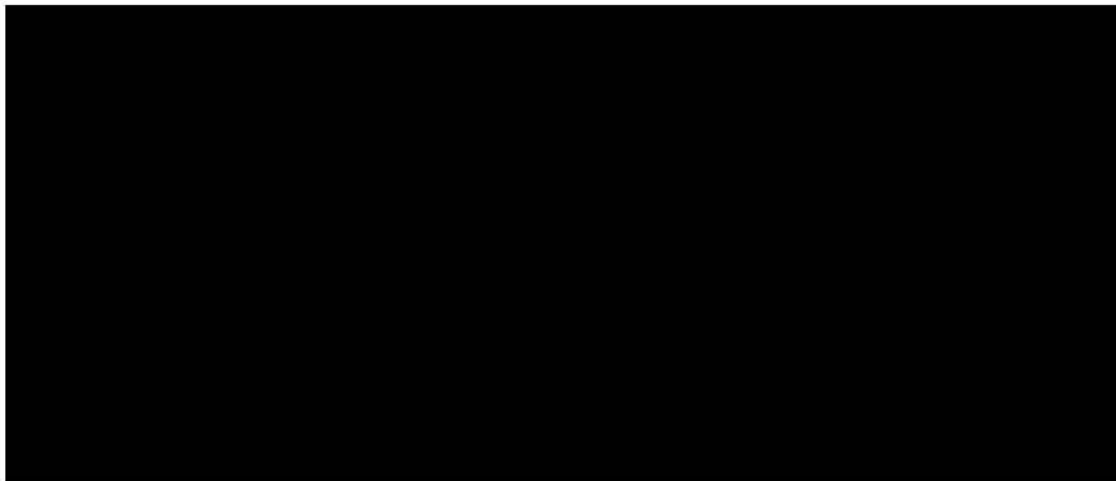
UNITED STATES POSTAL SERVICE

Signed by: Sharon Owens

Printed Name: Sharon Owens

Title: Vice President Sales

Date: 10/18/19



ATTACHMENT D (PLACEHOLDER)

This document contains a list of the names of the Shipper, their assigned MIDS and/or Permits, effective date and the agreed upon Annual Volume Estimation associated with said Shipper, per Section I.D.7 above, associated with the applicable Alternate Rates in Tables 9, Alternate DDU Rates #1, contained herein.

ATTACHMENT E (PLACEHOLDER)

This document contains a list of the names of the Shipper, their assigned MIDS and/or Permits, effective date and the agreed upon Annual Volume Estimation associated with said Shipper, per Section I.D.7 above, associated with the applicable Alternate Rates in Tables 10, Alternate DDU Rates #2, contained herein.

ATTACHMENT F (PLACEHOLDER)

This document contains a list of the names of the Shipper, their assigned MIDS and/or Permits, effective date and the agreed upon Annual Volume Estimation associated with said Shipper, per Section I.D.7 above, associated with the applicable Alternate Rates in Tables 11, Alternate RDU Rates #1, contained herein.

ATTACHMENT G (PLACEHOLDER)

This document contains a list of the names of the Shipper, their assigned MIDS and/or Permits, effective date and the agreed upon Annual Volume Estimation associated with said Shipper, per Section I.D.7 above, associated with the applicable Alternate Rates in Tables 12, Alternate RDU Rates #2, contained herein.

ATTACHMENT H (PLACEHOLDER)

This document contains a list of the approved Sunday DDU and DSCF entry locations and associated ZIP Codes where Sunday delivery is available.

ATTACHMENT B
SIGNED CERTIFICATION

**Certification of Prices for Amendment to
Parcel Select and Parcel Return Service Contract 9**

I, Nan K. McKenzie, Manager, Pricing Innovation, Finance Department, am familiar with the prices and terms for the amendment to Parcel Select and Parcel Return Service Contract 9. The amended prices and terms contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 19-1).

I hereby certify, based on the financial analysis provided herewith, that the amended prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. The amended contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

**Nan K.
McKenzie**

Nan K. McKenzie

Digitally signed by Nan K. McKenzie
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ou=Manager, Pricing Innovation,
email=nan.k.mckenzie@usps.gov, c=US
Date: 2019.10.28 15:20:53 -04'00'